DLG 2002 Budget/Finance Workshop

Certification of Levies

CERTIFICATION OF TAX LEVIES for NON-SCHOOL GOVERNMENTS
Form DLG 70

GENERAL INSTRUCTIONS

- Before beginning, **make a copy** of the form, in case you make an indelible error.

- Have ready the certification of valuation and any recertification of valuation from the county assessor. If you are a multi-county entity, have ready the certifications and recertifications from every county assessor where your entity is located.

- The form lists seven “purposes” for which property tax revenues can be collected by certifying mill levies. These are: general operating expenses; temporary property tax credit; general obligation bonds and interest payment; contractual obligations approved at election; capital expenditures in excess of the statutory 5.5% limit authorized by that statute; refunds and abatements; and, “other purposes not listed above.”

- Determine the purposes for which your entity collects property tax.

<u>GENERAL INSTRUCTIONS</u>

- Calculate the mill levy for <u>each</u> purpose:

  - Divide the allowed or required revenue amount by the **net total assessed valuation** as certified to you by the county assessor.

    (Ex: For general operating expenses:
    $199,696 ÷ $11,015,250 = 0.01812904)

  - Multiply that decimal number by 1,000 to make it a mill.

    (Ex: 0.01812904 x 1000 = 18.12904)

GENERAL INSTRUCTIONS

- Round the mill number to three decimal places.

  Our example of 18.12904 - no rounding, zero in 4th place.

  (But if Ex: 18.129513 becomes 18.130 mills - rounding up)
  (But if Ex: 18.129431 becomes 18.129 mills - rounding down)

- Check the **rounded-up** mill number to make sure you are within any applicable revenue limit.

  • Multiply the mill times the **net total assessed valuation**. First, convert the mill to its decimal form; then, multiply by the valuation.

  (Ex: 18.129 ÷ 1,000 = 0.01829)

  (Ex: 0.018129 x $11,015,250 = $199,695)

  Note: The resulting revenue of $199,695 is less than the "allowed" revenue of $199,696. The values in the decimal places past the fourth decimal place are needed to generate the $1. The larger the assessed valuation, the greater the amount of excess revenue that will result from rounding up. The DLG grants an allowance for rounding from the fourth decimal place to the third decimal place when the entity has collected revenue in excess of the 5.5% limitation.

- If your boundaries extend into more than one county, you **must** certify the **same levy** to each county. You must add together the net total assessed valuations from all the counties and then divide the revenue required by that combined valuation number. Make certain that you take into account the recertifications from **all** the county assessors before certifying your levy to each county.

- If a local government grants a "temporary tax credit/temporary mill levy reduction" it must indicate each levy to which the tax credit will apply.

LINE ITEM INSTRUCTIONS

- At the top of the form, the local government enters the name of the county which will certify the levies. It also enters the name of the governing body (Board of Directors, Board of Trustees, City Council) and the name of the local government (Town of -----------; County of --------------; -------------- District) and then enters the amount of the **gross assessed valuation**. The mill is calculated on the **net total assessed valuation**; the county will extend the certified levies upon the **gross total assessed valuation**. The additional revenue will be distributed to any tax increment financing districts.

Line 1: Purpose: General Operating Expenses
The revenue to pay for general operating expenses will be the more restrictive of the revenue calculated under the TABOR property tax revenue limit and the 5.5% statutory property tax revenue limit unless the local government has removed itself from either or both of these revenue limits. If a fire protection district uses property tax revenue to make contributions to a fireman's pension fund, that revenue is included in this levy and is subject to the 5.5% revenue limitation. The district **cannot** certify a separate, unlimited levy for pension.

(Ex: Enter 18.129 mills)

LINE ITEM INSTRUCTIONS

Line 2: Temporary tax credit/temporary mill levy reduction

You will enter a temporary tax credit if you are giving a refund or if you wish to preserve your mill levy from the "ratcheting down" effect that is imposed by the TABOR mill levy cap of section (4)(a).

On this line enter the amount of the temporary tax credit/temporary mill levy reduction if it is to be applied to the general operating expenses levy.

Calculate this temporary tax credit amount by subtracting the levy required for the revenue you are allowed to collect, from your current levy (the levy you wish to preserve).

(Ex: Current Operating Levy	19.411 mills)
(- Allowed Levy	18.129 mills)
(Temp. Tax Credit	1.282 mills)

Enter your current operating levy, 19.411 mills, on line 1. Enter the temporary tax credit, minus <1.282> mills, on Line 2. Enter the remaining or net mill levy of 18.129 mills on the SUBTOTAL Line.

‡ Temporary tax credit/mill levy reduction **not** applied to the general operating expenses levy.
If the temporary tax credit/temporary mill levy reduction does not apply to the general operating levy, indicate here under Line 2 the levy to which it does apply.

Subtotal Line: From the example above: Enter 18.129 mills.

LINE ITEM INSTRUCTIONS

Line 3. General Obligation Bonds and Interest

All governments that are non-Title 32, Article 1 Special Districts (Towns and Counties and other types of special districts):
Enter on this line the levy required to pay for the annual debt service (principal and interest)of all the general obligation (g.o.) bonds. Add up the debt service for all the g.o. bonds and divide that required revenue amount by the net total assessed valuation.

Title 32, Article 1 Special Districts:
Enter the mill levy for the total debt service as the entities above. **Also,** fill out page two of the DLG 70. On page two, the special district must certify, separately, a mill levy for each bond or contract. These are calculated by dividing each bond's debt service by the net total assessed valuation. Special districts must also provide the listed information regarding the purpose of the indebtedness, the date of issue, the maturity date and interest rate, etc.

LINE ITEM INSTRUCTIONS

Line 4. Contractual Obligations Approved at Election

On line 4, local governments must enter any mill levy required to pay for annual amounts due on contractual obligations approved at elections.

There is no statutory definition of a "contractual obligation" in CRS 29-1-301 (the 5.5% limit), however, if repayment of a contractual obligation with property tax has been approved at election and it is not a general obligation bond (shown on Line 3), the mill levy is entered on this line. Loan repayments occasionally are approved at election and the levy for those payments would be entered on this line. The revenue on this line is excluded from the 5.5% limit; it is not considered operating revenue.

LINE ITEM INSTRUCTIONS

Line 5. Capital Expenditures

The revenues from the levy entered on this line must have been authorized as excluded revenues under the statutory 5.5% revenue limit. They are not subject to the limit if they have been approved under the methods indicated in CRS 29-1-301.

Counties and municipalities can approve a levy separate from the operating levy, to pay for capital expenditures, if they hold a public hearing with specified notification requirements (CRS 29-1-301(1.2)). The revenue does not accrue to the base and the levy is only for a specified period of time, after which it expires.

Special districts and municipalities with populations less than 2,000 **with approval from the DLG** can also certify such a levy, limited to purpose and a time period (CRS 29-1-302(1.5)). If local governments have voter approval for a capital expenditures levy, that levy is considered separate and independent of the statutory operating revenue limits (CRS 29-1-302(2)).

Enter on this line the levy and revenue authorized for capital expenditures excluded from the operating revenue limit.

LINE ITEM INSTRUCTIONS

Line 6. Refunds/Abatements

The county assessor reports on the Certification of Valuation the amount of revenue from property tax that the local government did not receive in the prior year because taxpayers were given refunds for taxes they had paid or they were given abatements for taxes originally charged to them. The taxpayers were not liable for the taxes because errors had been made in their property valuations. The local government was due the tax revenue and would have collected it through an adjusted mill levy if the valuation errors had not occurred. Since the government was due the revenue, it can levy, in the subsequent year, a mill to collect the refund/abatement revenue.

Divide the amount of revenue reported for refunds/abatements by the net total assessed valuation and enter that mill on this line. The revenue is a one-time only collection; it does not accrue to any base and is independent of any revenue limitation.
From class example: [\$135 ÷ \$11,015,250 = 0.00001225] x 1,000 = 0.012 mills

LINE ITEM INSTRUCTIONS

Line 7. Other (specify)

If a local government has revenue it may legally collect from property tax which is not listed in Line 1 through Line 6, it should enter that mill levy and revenue on this line. Please specify the purpose of the revenue and why it is not under any of the previously listed purposes.

Final Steps:

1. Complete the form by naming a contact person and providing a telephone number.

2. The form must be signed and the signer must provide his or her title.

3. Send or deliver the form to the Board of County Commissioners of every county where the local government is located on or before December 15.

4. Send a copy of the form to the Division of Local Government with the entity's adopted budget.

5. Keep a copy for your records.